



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

May 9, 2012

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To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

JUNE 5, 2012 PRIMARY ELECTION BALLOT MEASURES

This is to provide you with information about the two statewide propositions on the June 5, 2012 Primary Election Ballot. No County position has been taken on either of these measures. The official titles of the measures are:

- **Proposition 28:** Limits on Legislators' Terms in Office. Initiative Constitutional Amendment.
- **Proposition 29:** Imposes Additional Tax on Cigarettes for Cancer Research. Initiative Statute.

Attachment I includes a brief summary of each proposition and comments from affected County departments. Attachment II provides the ballot statement language for local jurisdiction measures which have qualified for the June ballot.

If you have any questions or require additional information, please have your staff contact Manuel Rivas, Jr. at (213) 974-1464.

WTF:RA
MR:VE:KA:lm

Attachments

c: Executive Office, Board of Supervisors
County Counsel

Memos 2012/June 5 Primary Election Ballot Measures_050912

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STATEWIDE PROPOSITIONS APPEARING ON THE JUNE 5, 2012 PRIMARY ELECTION BALLOT

PROPOSITION 28: LIMITS ON LEGISLATORS' TERMS IN OFFICE. Initiative Constitutional Amendment. COUNTY POSITION: **NONE**

PROPOSITION 28 would amend the State Constitution relating to the time a person may serve in the State Legislature. Specifically, the measure would: 1) reduce the total amount of time a person may serve in the State Legislature from 14 years to 12 years; 2) allow those 12 years of service to be in one house; and 3) apply only to legislators first elected after the measure is passed.

Background. Proposition 140, passed by California voters in the November 1990 election, changed the State Constitution and created term limits for persons elected to the State Legislature. Currently, an individual elected to the State Assembly can only serve three two-year terms, or a maximum of six years. An individual elected to the State Senate can only serve two four-year terms, or a maximum of eight years. Collectively, an individual cannot serve more than a total of 14 years in the Legislature.

Legislative Analyst's Office Report. The Legislative Analyst's Office (LAO) reports that Proposition 28 would change the legislative term limits for members of the Assembly and the Senate and it would reduce the total number of years that an individual may serve in the Legislature from 14 years to 12 years. However, the measure would effectively increase the total number of years that can be served in one house of the Legislature by allowing individuals to serve their entire 12 years in one house. If passed, the measure would only apply to individuals first elected to the State Legislature after the June 5, 2012 election. Legislators elected on or before June 5, 2012 would continue to be subject to the term limits currently outlined in the State Constitution.

The Legislative Analyst's Office notes that Proposition 28 would have no direct fiscal effect on the State or local governments. The LAO indicates that it cannot predict any impacts the change in term limits may have on the make-up of the State Legislature or the effect of the change on future decision-making related to legislation, State Budget and other legislative issues.

County Fiscal Impact. None.

Support and Opposition. Proposition 28 is sponsored by the Los Angeles Federation of Labor and the Los Angeles Chamber of Commerce under the organization Californians for a Fresh Start.

This measure is supported by the League of Women Voters; California Common Cause; Congress of California Seniors; Alliance of Californians for Community Empowerment; Asian Pacific American Legal Center; California Chamber of Commerce; California Federation of Teachers; California Federation of Labor, AFL-CIO; California League of

Conservation Voters; California Medical Association; California NAACP; California Professional Firefighters; California Teachers Association; Consumer Federation of California; Hispanic Business Association; Long Beach Area Chamber; Los Angeles County Business Federation; Los Angeles County Democratic Party; Los Angeles County Medical Association; Orange County Business Council; Pasadena Chamber of Commerce; Planned Parenthood Affiliates of California; Regional Council of Rural Counties; San Gabriel Valley Economic Partnership, among others.

The measure is opposed by Californians for Terms Limits; the California Republican Party; U.S. Term Limits; Jon Fleischman; Parents in Charge Foundation; and National Tax Limitation Committee.

PROPOSITION 29: IMPOSES ADDITIONAL TAX ON CIGARETTES FOR CANCER RESEARCH. Initiative Statute. COUNTY POSITION: **NONE**

PROPOSITION 29, the Tobacco Tax for Cancer Research Act of 2012, would: 1) increase the existing excise tax on cigarettes by \$1.00 per pack and an equivalent tax increase on other tobacco products to fund cancer research and other specified purposes; 2) require tax revenues to be deposited into a special fund to finance research and research facilities focused on detecting, preventing, treating and curing cancer, heart disease, emphysema, and other tobacco-related diseases, and to finance prevention programs; and 3) create a nine-member committee charged with administering the fund. If passed, the initiative would be effective October 1, 2012.

Background: Existing law imposes excise taxes on the distribution of cigarettes and other tobacco products, such as cigars and chewing tobacco. Tobacco excise taxes are paid by distributors who supply cigarettes and other tobacco products to retail stores. The State excise tax on tobacco is \$0.87 per pack which generated an estimated \$904.0 million in FY 2010-11 for the following uses:

<i>Current Distribution of Tobacco Excise Taxes</i>	<i>Estimated Revenue FY 2010-11</i>
State General Fund - \$0.10 per pack: Enacted by the Legislature in 1959.	\$96.0 million
Proposition 99 of 1988 - \$0.25 per pack: Supports tobacco education and prevention, disease research, health care services for low-income persons, among other uses.	\$296.0 million
Breast Cancer Fund- \$0.02 per pack: Enacted by the Legislation in 1993 to support breast cancer screening programs for uninsured women.	\$23.0 million
Proposition 10 of 1998 - \$0.50 per pack: Supports early childhood development - First 5 Programs.	\$489.0 million
TOTAL	\$904.0 million

Cigarettes and other tobacco products are also subject to State and local sales and use taxes. These taxes generate more than \$400.0 million in revenues annually. In addition, the Federal government imposes an excise tax on cigarettes and other tobacco products. The current Federal excise tax on a pack of cigarettes is \$1.01.

Legislative Analyst's Office Report. The LAO estimates that this measure would raise about \$615.0 million in FY 2012-13 and about \$810.0 million in FY 2013-14. After backfilling losses in the existing tobacco excise tax revenue, the LAO estimates that approximately \$735.0 million in net revenue would be available in FY 2013-14 for the purposes described in the initiative.

Funds generated by the new excise tax would be deposited in the California Cancer Research Life Sciences Innovation Trust Fund and allocated as follows starting in FY 2013-14:

- Hope 2010 Research Fund. 60 percent of the funds would be used to provide grants and loans to support research on prevention, diagnosis, treatment, and potential cures for cancer and tobacco-related diseases for an estimated \$441.0 million.
- Hope 2010 Facilities Fund. 15 percent would be used to provide grants and loans to build and lease facilities and provide capital equipment for research on cancer and tobacco-related diseases for an estimated \$110.0 million.
- Hope 2010 Tobacco Prevention and Cessation Fund. 20 percent would be used for tobacco prevention and cessation programs administered by the California Department of Public Health and the California Department of Education and local governments for an estimated \$147.0 million.
- Hope 2010 Law Enforcement Fund. 3 percent would be allocated to State agencies to support law enforcement efforts to reduce cigarette smuggling, tobacco tax evasion, and illegal sales of tobacco to minors and to otherwise improve enforcement of existing law, for an estimated \$22.0 million.
- Hope 2010 Committee Account. 2 percent would be deposited into an account that would be used to pay the costs of administering the measure. The LAO indicates that most of this funding would likely be for reimbursing the Board of Equalization for tax collections costs for an estimated \$15.0 million.

According to the Legislative Analyst's Office, the cigarette excise tax increase would generate somewhat lower amounts each year thereafter, based on projections of continued declining cigarette consumption.

Impact on Existing Tobacco Excise Taxes. The LAO notes that under current law, any cigarette tax increase triggers an automatic increase in the taxes on other tobacco products, with additional revenues going to support Proposition 99 purposes including local health and tobacco prevention and cessation programs.

The Legislative Analyst's Office estimates that the excise tax would increase State and local sales tax revenue by \$10.0 million to \$20.0 million annually. This amount would be offset by several factors including lower spending on other products subject to State sales and use taxes.

The Legislative Analyst's Office also notes that this measure would reduce State and local government health care spending on tobacco-related disease over the long-term as higher prices prompt more persons to quit smoking; however, to the extent that more Californians live longer, State and local governments would incur higher costs to provide health care and social services for these individuals.

Affected Departments. The Department of Public Health (DPH) indicates that tobacco use remains the single most preventable cause of disease, disability, and death in the United States. In Los Angeles County, tobacco use is directly linked to the top five causes of death: 14.6 percent of coronary heart disease deaths; 9.3 percent of stroke deaths; 77.0 percent of lung cancer deaths; 14.7 percent of pneumonia deaths; and 85.2 percent of emphysema deaths. In total, one out of every seven deaths in the County, approximately 9,000 deaths per year, is caused by the use of tobacco.

The Department of Public Health also notes that the harmful effects of smoking do not end with the smoker. An estimated 336,000 children and 585,000 nonsmoking adults throughout the County are exposed to secondhand smoke. Secondhand smoke causes heart disease and lung cancer in nonsmoking adults and numerous health problems in infants and children, including severe asthma attacks, respiratory infections, ear infections, and sudden infant death syndrome. According to DPH, coupled with the health toll, tobacco use in the County results in more than \$2.3 billion a year in medical costs and another \$2.0 billion a year from lost productivity.

According to the Department of Public Health, the California Tobacco Control Program estimates that Proposition 29 would increase the County's annual allocation for tobacco prevention and control activities by approximately \$16.7 million to a total of \$18.9 million annually. In addition, the Department indicates that the increased price of tobacco products would reduce the number of smokers in the County by nearly 90,000 reducing both the number of youth who begin smoking and increasing the number of youth and adult smokers who quit smoking. DPH estimates that this would result in more than 15,000 lives saved from tobacco-related deaths averted among residents 15 years and older.

Support and Opposition. Proposition 29 is supported by Californians for a Cure co-chaired by Lance Armstrong and retired Senate President pro Tempore Don Perata, the author of this measure; the American Cancer Society; American Lung Association of California; American Heart Association; American Stroke Association; California Medical Association; California Hospital Association; California Primary Care Association; California Parent Teachers Association; Cedars Sinai Medical Center; Good Samaritan Hospital, Los Angeles; Lance Armstrong Foundation; Campaign for Tobacco-Free Kids; Tom Torlakson, the Superintendent of Public Instruction; and numerous organizations, physicians, and individuals.

Proposition 29 is opposed by: Californian's Against Out-of-Control Taxes and Spending; R.J. Reynolds; Philip Morris; California Chamber of Commerce; California Grocers Association; California Retailers Association; California Taxpayers Association; Howard Jarvis Taxpayers Association; Neighborhood Market Association; Los Angeles Police Protective League; numerous taxpayer groups, small business associations, law enforcement organizations; the editorial boards of the Los Angeles Times; and the Orange County Register.

**LOCAL JURISDICTION MEASURES APPEARING ON THE
JUNE 5, 2012 PRIMARY ELECTION BALLOT**

CHARTER OAK UNIFIED SCHOOL DISTRICT

Measure CO - "To protect quality local schools with funding Sacramento cannot take away, upgrade classrooms/libraries/science labs/computers/technology, improve energy efficiency to save money to retain qualified teachers and protect core academic instruction, improve access for students with disabilities, improve fire/security systems for student safety, and upgrade/construct/acquire school facilities/sites/classrooms/equipment, shall Charter Oak Unified School District issue \$47,000,000 in bonds at legal rates, with independent oversight/audits and without increasing current tax rate limits?"

COMPTON CITY

Measure B - Shall the City Charter be amended to provide that each member of the City Council (except for the mayor) be elected by his or her home district and only by the registered voters of that district?

LOS ANGELES COUNTY HOTEL OCCUPANCY TAX CONTINUATION MEASURE

Measure H - Shall the existing unincorporated county hotel room tax be readopted to ratify, continue, and update the existing ordinance at the current rate of 12 percent to fund essential County general fund services, such as parks, libraries, senior services, and law enforcement; to continue exempting hotel stays longer than 30 days, to add exemptions for emergency shelter referrals, and for individuals on official government business pursuant to federal law?

LOS ANGELES COUNTY LANDFILL TAX CONTINUATION MEASURE

Measure L - Shall Los Angeles County's existing tax on landfills be readopted to ratify and continue the existing 10 percent tax on landfill operators' gross receipts from waste disposal in landfills in the unincorporated county, to fund essential general fund services, such as parks, libraries, senior services, and law enforcement; and to update the administrative appeal process, and clarify definitions to ensure the tax is properly calculated?

PASADENA CITY

Measure A - Shall the Charter of the City of Pasadena be amended to provide for the nomination and election of members of the Pasadena Unified School District Board of Education by geographic sub-districts, with geographic sub-districts adopted by the School Board and redrawn after each federal census based upon a citizen Redistricting Commission recommendation?

SULPHUR SPRINGS UNION SCHOOL DISTRICT

Measure CK - "Without increasing current tax rates to provide quality education in Canyon Country elementary schools, safe, modern classrooms for students, including medically-fragile, disabled students, shall Sulphur Springs Union School District upgrade classrooms, libraries, science labs, old roofs, support classroom instruction in core subjects (reading, writing, math, science) by reducing debt, update technology for 21st century skills, upgrade, acquire, construct classrooms, sites, facilities/equipment by issuing \$72,000,000 in bonds at legal rates, with independent oversight and all funds used locally?"